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SUBJECT: Israel Passes Incentives for Household Solar

11. (U) Israel's Public Utilities Authority under the Ministry for National Infrastructure approved a plan June 2 to buy electricity from independent power producers (i.e. private individuals or businesses) who install photovoltaic panel power systems on their roofs. Both corporate and individual producers can receive NIS 2.01 per kilowatt hour for feeding into the power grid. (This equals approximately USD 0.60 at the rate of 3.35 New Israeli Shekels per USD.) Individuals will be limited to generating up to 15 KW and businesses up to 50 KW.

12. (U) Israeli solar power companies and equipment manufacturers were enthusiastic about the measure. The new incentive program makes photovoltaics economically viable for purchasers of equipment, manufacturers said, even given the high capital investment costs of such systems. (Comment: Photovoltaic power nonetheless remains expensive; since individual power consumers pay 0.50 NIS per KW for electricity, the high feed-in rate implies a subsidy from the government-owned power company IEC.)

13. (SBU) The measure to encourage alternative energy production reflects a breakthrough for the Arava Power Company, based at Kibbutz Ketura in the Negev desert. Arava has fought for years for the right to feed into the national power grid, and has now opened the door to alternative - albeit expensive - power sources for Israel's baseload capacity. Minister of National Infrastructure Ben-Eliezer praised the Authority's decision and said Israel must continue a revolution in favor of solar energy and energy independence. Ben-Eliezer also called for comparable feed-in tariffs for wind generated power. Israel has benefited for decades from mandatory solar hot-water systems for residences, which saves the country considerably on natural gas imports or electric power consumption.

JONES